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Classified By: POLCOUNS Brian R. Naranjo. Reasons: 1.4 (b) and (d).

Summary

11. (C) Our headlines in this edition of the Panama Post are:

-- Panama's leading pollster says "basic political dynamic remains unchanged;"
-- Tearing a page from PRD presidential nomination candidate Juan Carlos Navarro's play book, Panamenista presidential nomination candidate Alberto Vallarino releases an internal poll;
-- Navarro and Vallarino get in trouble with the Electoral Tribunal (TE) for releasing polls;
-- Former President Ernesto "El Toro" Perez Balladares takes a shot at PRD presidential nomination candidates Balbina Herrera and at President Torrijos;
-- a dentist (and gadfly Panamenista presidential nomination candidate) takes aim at Panamenista contender Juan Carlos Varela;
-- Herrera effectively uses internet to pull in and harness youth support.

End Summary.

Leopoldo Neira: "Basic Political Dynamic Remains Unchanged"

12. (C) "If the general elections were held today," leading Panama City-based polling agency Dichter and Neira Executive President Leopoldo Neira told POLCOUNS on June 12, "the (governing Revolutionary Democratic Party) PRD -- whether Balbina or Navarro -- would win easily." Contrary to what other polls were indicating, Neira added, "The basic political dynamic remains unchanged." Categorically rejecting the notion that the PRD primary race was becoming competitive, Neira said that Balbina Herrera still had a commanding lead in the internal PRD race leading Juan Carlos Navarro by some twenty points. Furthermore and again contrary to what other polling had indicated, the Panamenista primary race remained a horse race; "Vallarino and Varela are essentially tied." "Essentially, all the candidates have more or less stayed at the same levels. Nobody has significantly changed the political dynamic."

13. (C) According to Neira, to date attacks on Balbina labeling her a dangerous, Chavez-style populist had had no effect on her standing in the polls. Furthermore, he said he was mystified by the results uncovered by his polls that indicated that President Torrijos was still widely popular.

"How can Martin have such high approval ratings when he gets such horrible grades for following through on his campaign pledges and for governing?" he asked rhetorically. Panamanian political behavior was highly personalistic and basically boiled to a what-am-I-going-to-get-out-of-this mentality, Neira explained. In his experience, candidates who were willing to grind it out, shake every hand they could, visit personally everybody they could, and slave for the election would eventually win. In light of this view, Neira said he was not prepared to write off Navarro in the PRD primary, gave the advantage to Varela in the tight Panamenista race, and thought that Martinelli would be competitive in the generals.

¶4. (C) Sharing advanced results of Dichter and Neira's June poll -- expected to be published shortly in Panama City daily Panama America, Neira passed the following overall results:

	May	June
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Balbina Herrera	26.1	25.8
Ricardo Martinelli	19.3	19.3
Juan Carlos Navarro	14.8	14.8
Juan Carlos Varela	6.0	6.5
Alberto Vallarino	4.2	5.8
Guillermo Endara	1.3	1.0
Laurentino Cortizo	0.2	0.4
Marco Ameglio	0.1	0.3
Will Not Vote	0.4	0.3
None	12.0	10.1
Don't Know/No Answer	15.2	15.8

¶5. (C) Comment:Dichter and Neira just went through a nasty break-up with Panama City broadsheet La Prensa. Neira explained that that La Prensa had insisted on exclusive rights to publicize his polls rejecting requests to all the information to be more widely distributed through radio and television. Neira is now working with Panama America, W Radio, and TVN to share this information more widely "in the public interest." Clearly bruised by attacks on his company's name -- attacks insinuating that commercial insights swayed his polls, that the company was fixing the results, etc. -- Neira said he would share his final, non-publicized polling data collected in the final two weeks of the campaign during which period polling results may not be publicized. He said he would pass this data to the Catholic Church, the Electoral Tribunal (TE), and now the U.S. Embassy. Neira estimated that well less than five percent of Dichter and Neira's business was connected political polling. Annually, the company did about 800 opinion studies of various kinds releasing about three reports each day. Neira said that over the years Dichter and Neira had invested significant time, energy, and money in fine tuning its demographic database, the only database of its kind among Panamanian pollsters. Political polling was essentially the firm's "loss leader" keeping the firm's brand in the front of Panamanians minds. Most of the company's pollsters are on permanent contract and, because of the steady rhythm of its opinion surveys, are basically fully employed. On its political polls, Dichter and Neira deploys its executives -- including Neira himself -- to ensure high quality data collection and oversight and the executives generally account for half of its political pollsters. Dichter and Neira has called all of Panama's elections and referenda since the restoration of democracy in 1989 within a couple of points. The Panama Post eagerly accepted Neira's offer to receive Dichter and Neira's polling results throughout the political season.

 Dueling Polls: Vallarino Releases Internal Poll

¶6. (U) "The campaign center of Engineer Alberto Vallarino has decided to publish an extract of two polls conducted by our campaign," a campaign "Special Announcement" declared on albertopresidente.com on June 6. "We have taken this decision -- departing from what until now had been our policy

-- with the aim of confronting a disinformation campaign directed against Panamenista presidential pre-candidates." Leading with this declaration, Panamenista Party presidential nomination candidate Alberto Vallarino strove to respond to "disorienting polls" some of which were "manipulated" that showed Panamenista candidates receiving very low support "that do not track with the size of our party nor with the dynamic that we have observed in recent months. The Vallarino campaign released redacted results from the March and April polls that it commissioned from Venezuelan polling outfit DOXA. The campaign asserted, that as a Venezuelan pollster, DOXA did not have "commercial commitments with any company in Panama."

17. (U) Highlights of this poll include:

-- Overwhelming majorities of those polled stated in March (84%) and April (78%) that Panama was headed in the wrong direction. While a steady number believed things would improve over the coming year (34% in March and 33% in April), majorities thought that conditions would get worse (47% in March and 35% in April) or much worse (11% in March and 12% in April).
-- Among Panamenista candidates, Vallarino had the highest positives (46% and 50% in March and April) and lowest negatives (36% and 33%). Fellow Panamenista candidate Juan Carlos Varela's positives were 35% and 41% and his negatives were 41% and 42% in March and April respectively.
-- The poll showed Vallarino closing the gap with Varela. According to DOXA, in March Varela led Vallarino by 4 points (38% to 34%), and in April Varela led Vallarino by 2 points (31% to 29%). Those stating that they would not vote jumped 50 percent, from 14% in March to 22% in April.
-- Among leading opposition candidates, at 22%, Vallarino was essentially tied in April with Varela and Democratic Change (CD) candidate Ricardo Martinelli who both polled 23% on a question assessing who the preferred opposition candidate was. Compared to March, Varela's and Vallarino's numbers were essentially the same (22% for Vallarino and 24% for Varela in March), but Martinelli fell 4 points.
-- Among governing Revolutionary Democratic Party (PRD) candidates, Balbina Herrera was the preferred choice, though Navarro was making up some ground. From March to April, Herrera fell from 51% to 38%, while Navarro rose from 24% to 27%.
-- In April, asked to choose from among the three leading Panamenista candidates, 55% of respondents chose Vallarino, 33% chose Varela, and 7% chose Ameglio. In April, asked to choose only between Vallarino and Varela, Vallarino's numbers fell to 50% and Varela rose to 39%. Vallarino's numbers improved on these two questions from March to April while Varela's remained essentially stagnant.
-- Asked in April only who was most capable of unifying the opposition, Vallarino out polled Varela by ten points (42% to 32%) and Ameglio was a distant third at 5%. A total of 20% did not know or respond.

18. (U) Technical information: The polls were conducted nationally, except in the provinces of Bocas del Toro and Darien and in the indigenous reservations (comarcas). A total of 1,200 individuals were interviewed for the general questions, and a total of 500 Panamenista party registered members were interviewed for the party-specific questions. The poll has a 95 percent confidence rating and a margin of error of +/- 3 percent.

19. (C) Comment: In releasing an internal poll, Vallarino is lifting a play from PRD presidential nomination candidate Navarro's play book. One major difference, aside from the fact that Navarro's poll was more current, though is that Navarro's release of his PSM SigmaDos poll included much more context and technical data regarding the poll. Both of these DOXA polls were conducted before the CID Gallup, Dichter and Neira, and PSM SigmaDos polls suggested that Varela was beating Vallarino in the internal Panamenista race. The technical data provided in this "special announcement" is incomplete. The dates of the field work are unknown. The methodology -- face-to-face or telephone interviews; randomly

selected neighborhoods and homes or street interviews; numbers of people interviewed per home/site; etc. -- is also not clear. The responses concerning the overall direction of Panama track very closely with other polling. The DOXA poll shows a wider gap between Herrera and Navarro, but then these polls covered earlier periods than polling that suggests a narrower gap. Where this poll differences significantly is that it suggests that Martinelli, Vallarino, and Varela are closer in the opposition-wide race and that Vallarino is out pacing Varela by 20 points, results that do not track with other polling outfits' more recent results. Given the murky data laid out in this "special announcement" and the less than satisfying technical data, the release of this internal polling information can only be understood as an effort to stem what has become a negative narrative for Vallarino, a narrative that suggests that Vallarino is underperforming and not meeting expectations. Perhaps the most telling tidbit of data circulated in this announcement -- at least the aspect that Vallarino wants to push the most -- is the result of this poll that suggests that Vallarino is the Panamenista candidate most capable of unifying the opposition.

Vallarino (and Navarro) Get in Trouble Over Poll Releases

¶10. (U) The Electoral Tribunal (TE) launched June 9 an investigation into the release of internal polling data by two campaigns, the campaigns of Panamenista presidential nomination candidate Alberto Vallarino (see paras 2-5) and PRD presidential nomination candidate Juan Carlos Navarro (REFTEL). Panama City broadsheet daily La Prensa reported that one TE source indicated that Vallarino's DOXA poll had not been registered with the TE. While Navarro's poll had been registered, this source told La Prensa that there had been irregularities in the information that Navarro's campaign released. The campaigns will have three days to respond to the investigation.

¶11. (C) Comment: To prevent monkey business with polls, all polling results must be registered with the TE. Since Panama's major media outlets broke ties with Panama's leading polling outfits over the past couple of months, polling results tend to circulate by word of mouth and via informal e-mail mass mailings. The Panama Post has had significant success procuring polling results directly from campaigns and candidates and routinely scours the internet for the latest posts. Absent reliable and regular publication of polling by media outlets and tempted to use polling results to their advantage, the campaigns themselves may be inclined to distribute polling results directly themselves. That the TE has acted quickly to examine this new practice is an example of the TE's forward-leaning posture. The maximum penalty for this kind of electoral misdeed is USD 25,000.

El Toro Takes a Shot at Balbina, Torrijos

¶12. (U) Former President Ernesto "El Toro" Perez Balladares took shots at PRD presidential nomination candidate Balbina Herrera and President Torrijos during his June 9 appearance on the talk show "Enfoque (Focus)" and in the wake of his endorsement of PRD presidential nomination candidate Juan Carlos Varela. El Toro questioned why Herrera sought the "blessing" of the U.S. Embassy before launching her campaign, noting that he never would have "consulted" with the embassy. Continuing, he asserted that Herrera was now traveling to the U.S. to meet with the Council of the Americas -- "a foundation established by the Rockafellers" -- to try to prove that she was not a leftist, "which she is." Regarding his own Category I U.S. visa ineligibility for alien smuggling, El Toro excoriated the Torrijos Administration for failing in its "patriotic responsibility" by not "demanding" proof from the USG for the grounds for "canceling" his visa, something he characterized (again) as a political matter. El Toro asserted that Torrijos had been blocking "diplomatic" efforts to restore his visa. The former president said that

he would keep open the office of running for re-election in 2014.

¶13. (C) Comment: Appearing on the El Toro-friendly program "Enfoque" -- Dorita Reyna, the show's host, and her family received checks in connection with the PECC corruption scandal, a scandal that also lined the pockets of El Toro -- Perez Balladares made his most visible appearance in his efforts to offer "political support" to Navarro. It is unclear what impact these barbs will have on the campaign. For the record: the Embassy obviously did not "bless" Herrera's candidacy, but has sustained routine political contact with this leading PRD politician just as the Embassy does with politicians across Panama's political spectrum.

Dentist Takes Aim at Varela

¶14. (U) Making a media splash in the June 10 newspapers, Panamenista presidential candidate Jorge Gamboa took aim at fellow contender Juan Carlos Varela by insinuating that he did not have "clean hands," Varela's campaign slogan, and that he had a "double campaign" to take the Panamenista party into alliance "with external forces" by accepting a VP slot. Gamboa demanded that Varela explain whether he was receiving campaign financing from a "Costa Rican-Panamanian scandal" involving the (Catholic) Episcopal Conference of Costa Rica and Servicios Pastorales Latinoamericanos, S.A., a Panamanian company set up by the conference. Gamboa noted that the General Superintendency of Financial Entities of Costa Rica (SUGEF) had ordered the conference to cease its "intermediary financial operations" and return to investors all funds invested in the Panamanian company, an order that the conference allegedly ignored. Gamboa asserted there was a hidden link to Varela since Panamenista Party VP Alvaro Aleman had established the Panamanian company. Referring to the March 6, 2007 "Pese Pact (Pacto de Pese) between CD presidential candidate Ricardo Martinelli and Varela, Gamboa also asked Varela to explain his "double campaign with an outside campaign" to draw the Panamenista Party into an alliance while only securing the VP slot on the ticket.

¶15. (C) Comment: This gadfly candidate -- one of the Panama Post's contacts in the Panamenista Movement for Action (MAPA) -- has been angling for media attention ever since the last minute filing of his candidacy and after being denied a place on the dais for two Panamenista debates. (Note: Only the top three polling candidates Varela, Vallarino, and Varela were offered the opportunity to debate. Gamboa, a dentist, is nowhere in the polls.) The charges of receiving funds from the Costa Rican Episcopal Conference are unlikely to go very far. Aleman's bread and butter in his legal practice is establishing corporations like the one he established for the conference. Also, no case has been made there was any wrong doing in Panama as far as setting up this company; allegations of wrong-doing seem, at least for the moment, to be contained in Costa Rica. Also, there has been no indication that any amount of funds have found their way from Costa Rica through this company across Aleman's desk and into Varela's pocket. The more damaging charge though is the accusation that Varela wants to take the party into alliance while only securing the VP slot. Playing second fiddle in the opposition is anathema to Panamenista movers and shakers as well as rank-and-file, particularly if the likely alliance partner is Ricardo Martinelli and his CD party.

Balbina's Impressive Internet Presence

¶16. (U) "The use of on-line technology is tied to the fact that 65,000 new young voters will participate in the 2009 presidential elections," La Prensa journalist Manuel Vega Loo wrote on June 1, 2008. POL Rangel Fellow has been reviewing internet presence during the presidential primary elections. The internet has been a vital resource to Panama's presidential candidates, allowing them to establish grass

roots support among the youth. Candidates have used social networking sites Facebook, Myspace, Flickr, and YouTube to i) mobilize youth supporters, ii) publicize their platforms, iii) recruit campaign volunteers, and iv) increase party membership. Competing political parties have registered over 5,000 Facebook users and will continue to expand their audience as the election develops.

¶17. (SBU) PRD presidential candidate Balbina Herrera has the most effectively implemented internet strategy. Herrera was the first presidential candidate to accept POL's on-line registration request to Facebook and responded in less than one day. Herrera's campaign responded promptly with e-mails promoting her position on relevant political issues including the global food crisis and the high cost of political campaigns. Herrera also used Facebook to publicize campaign activities and recruit campaign volunteers. Our Rangel Fellow on the beat received an invitation to attend one of Herrera's youth rallies on June 7, 2008 in Panama City's working class neighborhood, Santa Ana. Herrera's on-line Facebook administrator also followed up with an invitation to meet in person. PRD presidential candidate Juan Carlos Navarro responded to POL's registration request seven days later on June 9, 2008. POL has not received a response from presidential candidates Martinelli, Varela, or Vallarino.

¶18. (SBU) "Balbina promises the Panamanian youth a strong voice in Government," a Balbina youth volunteer told POL at the campaign rally in Santa Ana. A total of 35 youth volunteers gathered to campaign for Herrera in Circuito 8-7, Panama's second largest voting district. The youth demographic, ages 18-30, is a vital component to the PRD party, comprising 30% of party membership. Herrera's platform seeks to directly address issues important to Panamanian youth: education reform and job security. Her promise to place fresh young faces in office strengthens her favor among young voters. Youth supporters also organized additional campaigns to take place simultaneously in Tocumen and Chorrillo.

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